

## Message Text

CONFIDENTIAL

PAGE 01 SAN JO 04679 272223Z

64

ACTION ARA-10

INFO OCT-01 ISO-00 SEC-01 JUSE-00 SCA-01 TRSE-00 DHA-02

CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 /061 W

----- 021695

R 272109Z SEP 76

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 5200

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSYPANAMA

C O N F I D E N T I A L SAN JOSE 4679

E.O. 11652: GDS

TAGS: PFOR, PGOV, CS

SUBJECT: DIFFICULT DAYS FOR VESCO

1. SUMMARY: DURING THE PAST TEN DAYS, ROBERT VESCO'S NAME HAS APPEARED IN A SPATE OF BAD PUBLICITY IN COSTA RICA. VESCO HAS ATTEMPTED TO ATTRIBUTE HIS BAD PRESS TO "U.S. PERSECUTION;" HOWEVER, DUE TO THE LOCAL NATURE OF MOST OF HIS PROBLEMS, HE HAS NOT BEEN AS SUCCESSFUL IN THIS PLOY THIS TIME AS IN THE PAST. VESCO'S RECENT PROBLEMS MAY BE INDICATIVE OF A CHANGING ODUBER GOVERNMENT AND PLN ATTITUDE ABOUT THE 1974 "VESCO EXTRADITION LAW" (SEPTTEL), AND ACCORDING TO SOME REPORTS, POSSIBLY VESCO. END SUMMARY.

2. VESCO'S MOST RECENT ROUND OF BAD PRESS IN COSTA RICA BEGIN IN MID-SEPTEMBER WHEN THE COSTA RICAN ASSEMBLY BEGAIN DEBATE ON THE 1974 "VESCO EXTRADITION LAW" (SAN JOSE 4663). OVER THE PAST TEN DAYS, HOWEVER, VESCO HAS BEEN PROMINENTLY IN THE NEWS HERE, HIS NAME CONNECTED WITH A VARIETY OF CHARGES, ACTIVITIES, AND REVELATIONS. THEY INCLUDE:

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SAN JO 04679 272223Z

A. VESCO'S DENIAL OF A TIE-IN WITH THE MURDER IN CALIFORNIA OF ROBERT DUKE HALL, A BUGGING EXPERT WHO WAS REPUTED TO HAVE INCRIMINATING TAPED MATERIAL ON VESCO. VESCO FELT CONSTRAINED TO DENY THIS ALLEGATION PUBLICLY EVEN BEFORE IT APPEARED IN THE MEDIA IN COSTA RICA.

B. DISCOVERY ON VESCO'S GUANACASTE RANCH OF TWO HIGH-POWERED LAUNCHES ON WHICH LOCAL CUSTOMS DUTIES HAS NOT BEEN PAID.

C. A PUBLIC TRADING OF LETTERS WITH MINISTER OF PUBLIC SECURITY MARIO CHARPENTIER OVER THE QUESTION OF VESCO'S ALLEGED RETINUE OF FOREIGN BODY GUARDS.

D. RESUSCITATION OF CHARGES FROM THE 1974 ELECTION CAMPAIGN OF VESCO'S POLITICAL CONTRIBUTIONS.

E. DISCLOSURE THAT THE UNITED OPPOSITION MOVEMENT IS NOW SAYING PUBLICLY THAT THEY WILL MAKE VESCO AND VESCO-CONTROLLED OPERATIONS WITH GOVERNMENT OFFICIALS A MAJOR CAMPAIGN ISSUE IN THE 1978 ELECTION.

F. THE ONGOING CRUSADE OF AN ELDERLY COSTA RICAN ARCHITECT WHO IS BRINGING SUIT LOCALLY AGAINST VESCO TO RECOVER HIS LOST IOS INVESTMENT -- 12,500 SHARES.

3. VESCO'S DENIAL OF CHARGES THAT HE WAS IMPLICATED IN THE HALL MURDER IN CALIFORNIA (SAN JOSE 4599) WAS AN EYEBROW-RAISER. OPPOSITION LA REPUBLICA LATCHED ON TO THE STORY, REPRODUCING A LOS ANGELES TIMES INVESTIGATIVE SERIES ON THE VESCO-HALL-RICHARDSON CONNECTION. THE LINKING OF VESCO'S NAME WITH A MURDER CASE HAS REMINDED COSTA RICANS OF THEIR WORST FEARS ABOUT THE FUGITIVE WHO HAS TRIED MIGHTILY TO CONVINCE COSTA RICANS THAT HE IS A MISUNDERSTOOD INTERNATIONAL FINANCIER WHO HAD THE BAD LUCK OF BEING A FRIEND OF PRESIDENT NIXON AND THEREFORE IS BEING PERSECUTED BECAUSE OF WATERGATE. RESULT: VESCO'S "MAFIA" IMAGE IS HAVING A REVIVAL.

4. VESCO'S SIMULTANEOUS RELEASE OF A SEPTEMBER 17 LETTER TO CONFIDENTIAL

CONFIDENTIAL

PAGE 03     SAN JO 04679 272223Z

THE MINISTER OF PUBLIC SECURITY, DESIGNED TO EVOKE SYMPATHY BECAUSE OF USG PERSECUTION AND TO EXPLAIN VESCO'S FELT NEED FOR FOREIGN SECURITY PERSONNEL (SAN JOSE 4599), CAUSED THE OPPOSITE EFFECT. CHARPENTIER'S ENERGETIC RESPONSE (SEPTTEL) DISMISSED OUT OF HAND VESCO'S NEED FOR FOREIGN HIRED GUNS IN PEACEFUL COSTA RICA. THE MINISTER ALLEGED TO THE THREAT THAT SUCH ARMED FOREIGNERS POSED FOR COSTA RICAN POLITICAL FIGURES. HE ALSO DISMISSED VESCO'S COMPLAINTS ABOUT THE WILKINS CASE. THE IMAGE

LEFT WAS OF A GUTSY PATRIOTIC MINISTER FENDING OFF A PUSHY,  
POWERFUL FOREIGNER OF AT  
LEAST QUESTIONABLE MORAL STATUTE.

COMMENT: CHARPENTIER HAS RECENTLY CONFIDED TO EMBOFF THAT THE  
GOVERNMENT'S GENERAL POLICY AGAINST VESCO WILL HARDEN, AND THAT  
THERE WILL BE ACTION ON THE "VESCO LAW." EMBASSY HAS  
ALSO BEEN TOLD, HOWEVER, THAT PRESIDENT ODUBER GAVE CHARPENTIER  
A DRESSING DOWN FOR RAIDING VESCO'S GUANACASTE RANCH IN  
SEARCH OF ARMED FOREIGNERS WITHOUT PRESIDENTIAL AUTHORIZATION;  
CHARPENTIER FOUND ONLY ILLEGALLY-ENTERED BOATS (PARA 5 BELOW).  
THE QUESTION THAT REMAINS ABOUT CHARPENTIER'S LETTER TO VESCO,  
THEN, IS WHETHER OR NOT IT WAS CLEARED WITH ODUBER. IF IT WAS,  
THERE JUST MAY BE A GOVERNMENT HARDENING TOWARD VESCO; IF NOT,  
THE LETTER MAY ONLY BE MARIO CHARPENTIER'S WAY OF STRIKING A BLOW  
FOR GOCR DECENCY. END COMMENT.

5. DISCOVERY OF TWO HIGH-POWERED LAUNCHES ON VESCO'S GUANACASTE  
RANCH BY THE MINISTER OF PUBLIC SECURITY SEPTEMBER 17 HAS  
RESULTED IN TAX EVASION CHARGES AGAINST VESCO BY THE MINISTRY OF  
FINANCE. THIS IS ESPECIALLY EMBARRASSING TO THE GOCR, SINCE THE  
SAME CHARGES WERE LEVIED ONE YEAR AGO, AND VESCO PROMISED TO HAVE  
THE BOATS REMOVED FROM COSTA RICA. ACCORDING TO LA REPUBLICGA,  
AUTHORITIES CONFISCATED FOUR OTHER VESCO-OWNED HIGH-POWERED  
WATERCRAFT ON SEPTEMBER 24; CUSTOMS STATUS OF THESE BOATS  
IS REPORTED TO BE UNDER INVESTIGATION.

6. LEADING OPPOSITION FIGURES ARE REVIVING THE QUESTION OF  
VESCO'S FINANCIAL PARTICIPATION IN THE 1974 ELECTION AS THEY  
POSITION THEMSELVES FOR THE 1978 CAMPAIGN. OPPOSITION DEPUTY  
SIGURD KOBERG, WHO HAS BROKEN WITH 1974 OPPOSITION CANDIDATE  
FERNANDO TREJOS, CHARGES THAT TREJOS PERSONALLY APPROACHED VESCO  
FOR FUNDING IN 1974, AND THAT VESCO REFUSED. TREJOS DENIES  
THE CHARGES. STILL RECALLED HERE ARE JOSE FIGUERES' REVELATIONS  
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 SAN JO 04679 272223Z

A FEW MONTHS AGO THAT VESCO CONTRIBUTED TO ALL THE PARTIES IN  
THE 1974 ELECTIONS, A STATEMENT THAT FIGUERES HAS SINCE RETRACTED.  
MEANWHILE, AS THE COUNTRY PREPARES FOR THE PRESIDENTIAL CANDIDATE  
SELECTION BETWEEN NOW AND MARCH, OPPOSITION LEADERS SAY PUBLICLY  
THEY ARE PLANNING TO MAKE A KEY CAMPAIGN ISSUE OF VESCO-LINKED  
CORRUPTION CHARGES INVOLVING GOCR FIGURES IN BOTH THE FIGUERES  
AND ODUBER ADMINISTRATIONS.

7. COMMENT: ALL OF THESE STORIES, REVELATIONS, CHARGES,  
AND COUNTER-CHARGES HAVE RAISED VESCO'S LOCAL PROFILE MARKEDLY.  
THIS IS HAPPENING IN SPITE OF VESCO'S CAREFUL POLICY OF  
KEEPING OUT OF SIGHT AND QUIETLY INGRATIATING HIMSELF IN COSTA  
RICA BY DOING GOOD PUBLIC WORKS. (MOST RECENTLY VESCO HAS BEEN  
CONCENTRATING IN COMMUNITY DEVELOPMENT PROJECTS IN THE LIMON AREA.  
HIS ACTIVITIES HAVE ALL THE CHARACTERISTICS OF AN AID SPECIAL

DEVELOPMENT FUND).

8. WHAT IS SIGNIFICANT ABOUT VESCO'S RECENT PUBLICITY IS ITS POLITICAL RELATIONSHIP TO THE DEVELOPING SITUATION. THE CANDIDATE-SELECTION PROCESS, THE APPROACHING OF THE 1977 CAMPAIGN YEAR (PRESIDENTIAL ELECTION IS FEBRUARY 1978), AND THE FACT THAT THE "VESCO EXTRADITION LAW" IS ACTUALLY BEING DEBATED IN THE ASSEMBLY, LAID ON THE BACKDROP OF HIS BAD PRESS, ADD UP TO A NEGATIVELY CHARGED ENVIRONMENT FOR VESCO IN COSTA RICA AT THIS TIME. SOME IN THE POLITICAL OPPOSITION AND THE PLN SEE A CLIMAX APPROACHING ON THE VESCO ISSUE, NOT BECAUSE OF U.S. INTEREST, BUT BECAUSE OF WHAT VESCO REPRESENTS AS A CAMPAIGN ISSUE. OTHER POLITICAL OBSERVERS ARE NOT SO OPTIMISTIC; THEY SEE VESCO POWER, MONEY, AND SOLID CONNECTIONS SURVIVING THE CURRENT TEMPEST (SMOKE SCREEN?) AND TRANSCENDING THE CAMPAIGN.

9. AT PRESENT IT CAN ONLY BE POINTED OUT THAT THE UNFAVORABLE FOCUS ON VESCO IS SHARPER THAN IT EVER HAS BEEN SINCE THE ACTIVITIES OF THE CITIZENS COMMITTEE WERE AT THEIR ZENITH TWO PLUS YEARS AGO. WHETHER VESCO'S CURRENT RUN OF BAD PUBLIC RELATIONS IS PRELUDE TO ANY REALLY SIGNIFICANT BREAKTHROUGH IN THE VESCO SAGA OF COURSE WILL ONLY BE REVEALED AS EVENTS OF THE NEXT MONTHS UNFOLD. TODMAN

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LAW, EXTRADITION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 SEP 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** powellba  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976SANJO04679  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760364-1154  
**From:** SAN JOSE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760916/aaaaanot.tel  
**Line Count:** 192  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** powellba  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 16 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <16 JUL 2004 by izenbei0>; APPROVED <27 OCT 2004 by powellba>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** DIFFICULT DAYS FOR VESCO  
**TAGS:** PFOR, PGOV, CS, (VESCO, ROBERT)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006